

FISCAL NOTE

SB 821 - HB 1381

April 17, 2003

SUMMARY OF BILL: Requires the state to fully pay health care providers who are owed reimbursement by an insolvent TennCare MCO to extent that reimbursement is not available from the MCO.

ESTIMATED FISCAL IMPACT:

Other Fiscal Impact - In the event that a TennCare MCO became insolvent after the effective date of the bill, the estimated impact to the state would be an increase in state expenditures exceeding \$10,000,000

Because the bill only applies to an MCO that becomes insolvent after the effective date, there would be no immediate impact to the state. If an MCO did become insolvent, the state would be required to pay all provider claims with 100% state funds. The federal government would not participate because the capitation payments were already made to the MCO. Based on past experience with insolvent MCOs, there is a good possibility that there will be an insolvency and that the cost would exceed \$10,000,000.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director